LEADING TRANSFORMATION #42:  
CAPACITY ASSESSMENT USING "PESTLE"

C\_A\_R, representing Capacity, Achievement Drive, and Relational Skills, is useful for assessing internal organizational capacity. Another assessment tool, PESTLE, representing POLITICAL, ECONOMIC, SOCIAL, TECHNOLOGICAL, LEGAL, ENVIRONMENTAL/ECOLOGICAL factors, is useful for assessing external capacity. Both are needed for a comprehensive appreciation of the capacity to effectively lead holistic transformation toward a new desired future.

PESTLE ANALYSIS

1. POLITICAL  
These factors determine the extent to which a government may influence organizations, e.g., tax policies, fiscal policies, trade tariffs, etc.

2. ECONOMIC  
Macro-economic factors directly impact organizations and may have resonating effects, e.g., inflation rates, exchange rates, interest rates, etc.

3. SOCIAL  
Social factors include cultural trends, demographics, population analytics, etc.

4. TECHNOLOGICAL  
Technological factors pertain to innovations that may affect the operations of organizations and the overall market favorably or unfavorably.

5. LEGAL  
Legal factors have both external and internal sides. Some laws affect the business environment in a country while there are certain policies that organizations may maintain for themselves.

6. ENVIRONMENTAL/ECOLOGICAL  
These factors are determined by the surrounding environment e.g., climate, weather, geographical location, global changes in climate, etc.

General PESTLE questions:

1. POLITICAL: What is the political situation of the country and how can it affect the industry?   
2. ECONOMIC: What are the prevalent economic factors?  
3. SOCIAL: How much importance does culture have in the market and what are its determinants?  
4. TECHNOLOGICAL: What technological innovations are likely to pop up and affect the market structure?  
5. LEGAL: Are there any current legislations that regulate the industry or can there be any change in the legislations for the industry?  
6. ENVIRONMENTAL/ECOLOGICAL: What are the environmental concerns for the industry?

An objective approach to responding to these questions will help ensure that a Community of Change Leaders acquires the right competencies and resources for leading change that is relevant to both internal and external contexts.